

Technology Disruption and Digital Transformation: An alternative viewpoint

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Technology Disruption and Digital Transformation: An alternative viewpoint

This thought piece is derived from a thought leadership forum that Odgers Berndtson recently organised in Singapore. In particular the discussion focussed on:

- Changing demographics and GDP growth
- Evolution of the workforce combined with technology disruption
- ASEAN and the impact of digital disruption
- The importance of leadership and talent acquisition

The keynote was Dr Fraser Thompson, who led an insightful and engaging session at the Tower Club in Singapore on demographic and technology trends and how they will impact businesses in Asia in the coming decades. In attendance were information technology and digital executives from both global and local companies who participated in a lively discussion about the challenges and opportunities facing their business and their workforce in an increasingly digital world. Although the discussion focussed in the main on the Asia Pacific/Japan region, the topics were also addressed from a global viewpoint, in part due to the global nature of the economy but also the people in the room.

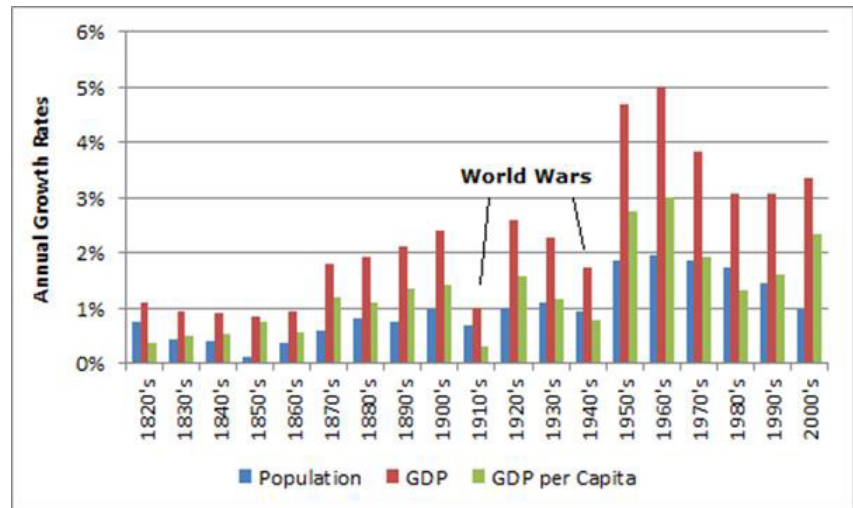


Thompson set the scene with a presentation on changing demographics, the rise of disruptive technologies and their effect on talent strategy and leadership development. He began by noting that we have lived in a time of unprecedented global GDP growth, driven by booming populations and rising incomes in developing economies.

Image credit:
<http://unstats.un.org/>

POPULATION GROWTH VERSUS GDP AN HISTORICAL VIEW

"The global number of employees is likely to peak around 2050"

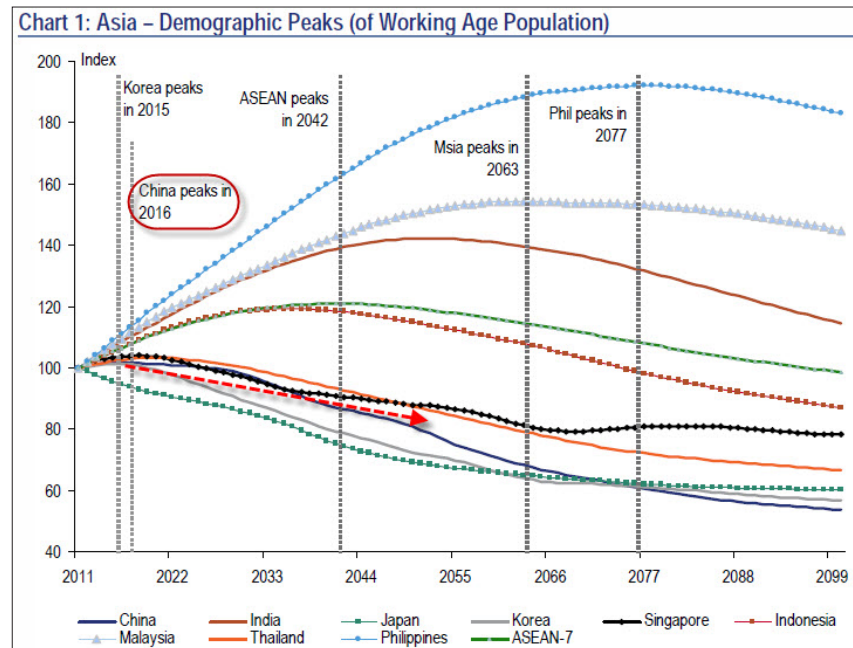


Simultaneously, most developed and many developing economies are now experiencing a decline in their working age populations and across the board, ASEAN countries will be challenged to vastly improve productivity between now and 2030 in order to maintain their historical GDP growth rates.

Image credit:
United Nations, Bank of
America Merrill Lynch Global
Research estimates

THE WORLD HAS EXPERIENCED UNPRECEDENTED LEVELS OF GDP GROWTH SINCE 1950, DRIVEN BY STRONG POPULATION AND INCOME GROWTH.

"In Asia, growth in the workforce is no longer a given!"





DEMOGRAPHIC SHIFTS IN POPULATION BY WORKING AGE RANGE – GLOBAL VIEW

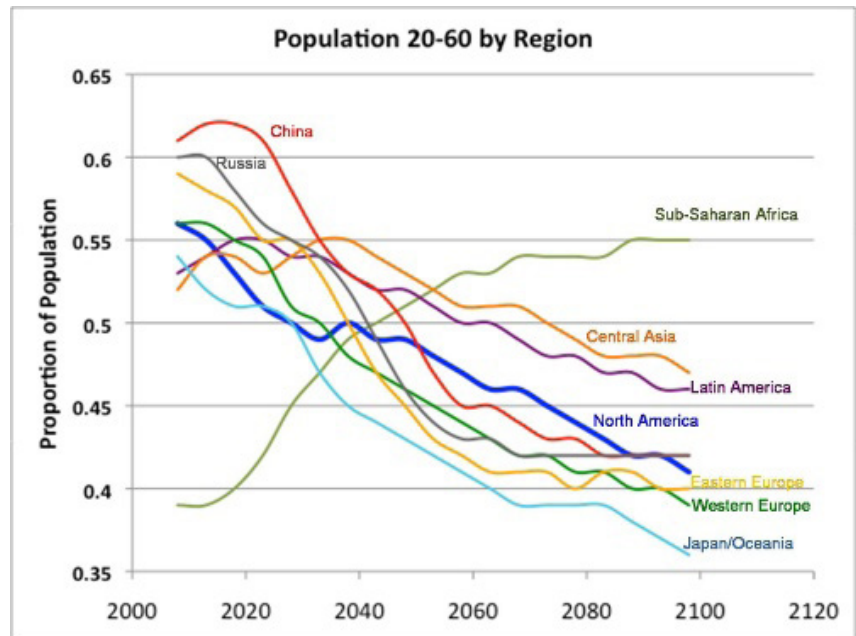
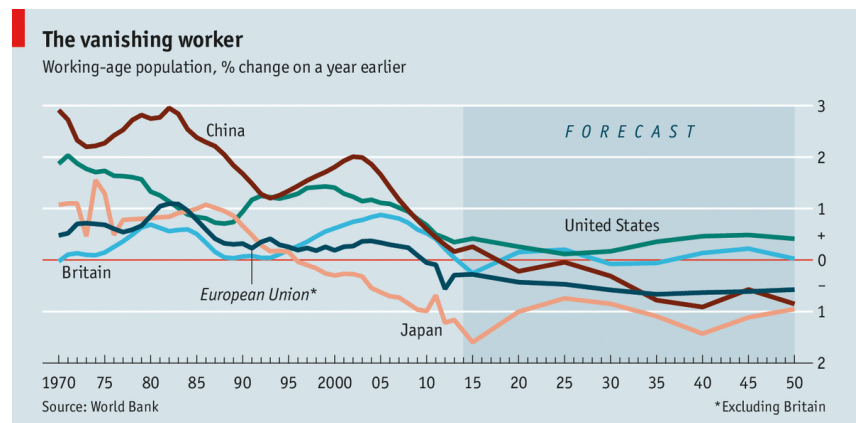


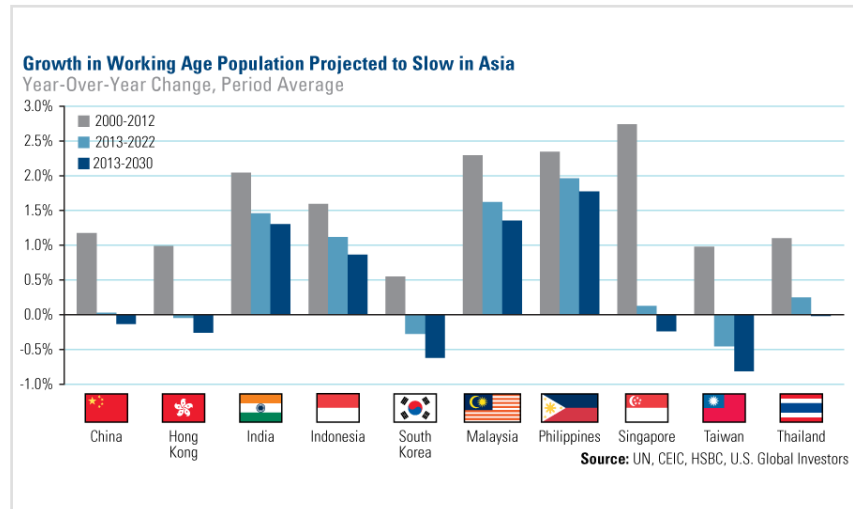
Image credit:
http://redgreenandblue.org/Looking_Beyond_2050_Some_Interesting_and_Disturbing_Trends

Interestingly and of importance, Germany, Italy, Japan and Russia have already reached their working population peaks. Below are two views of this impactful phenomenon, the so called vanishing worker as why look at declines in working age population numbers on a global scale. The second graph highlights the impact of the slowdown in working age population in Asia and what this may look like in the future.





Thompson then positioned this global change against the backdrop of technological advancements and how they are disrupting our workforces in major ways. In our lifetimes we have seen previously essential jobs from typist to assembly line worker made largely redundant. By 2030, Thompson estimated, up to 17 million non-farm jobs in ASEAN could be impacted by new technologies. On reflection, this significant number will impact ASEAN economies, people and productivity.



These demographic and economic realities are particularly challenging when we consider that most business executives today formed their worldview and business intuition in a very different technological age and employment environment. It was noted that the majority of attendees only had to look at the take up of information technology in the household and through their children to see the march of technology and the impact on our everyday lives.

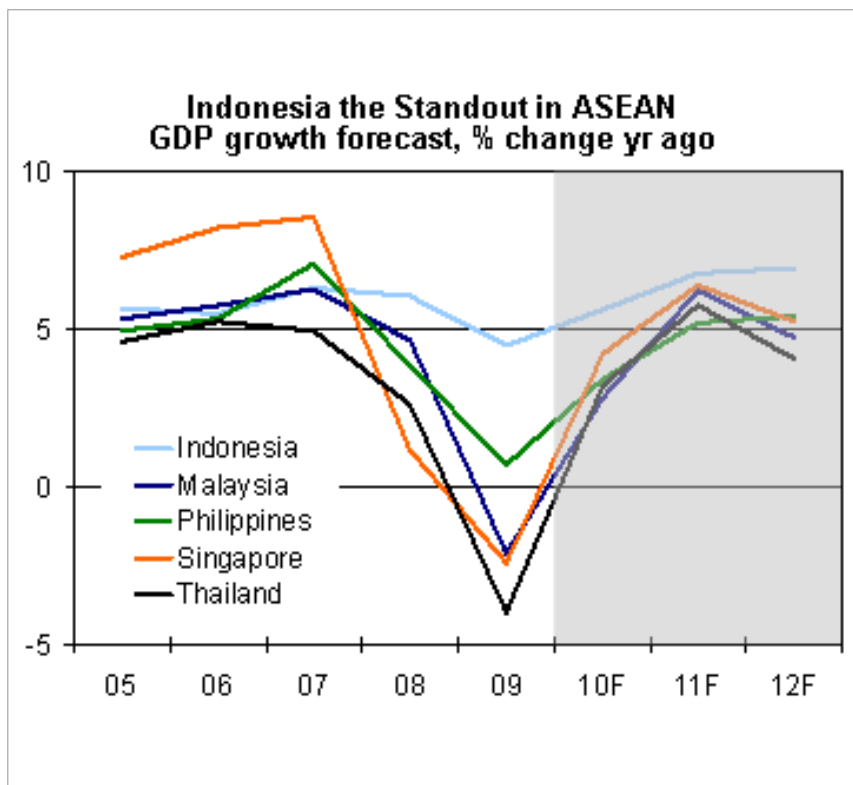


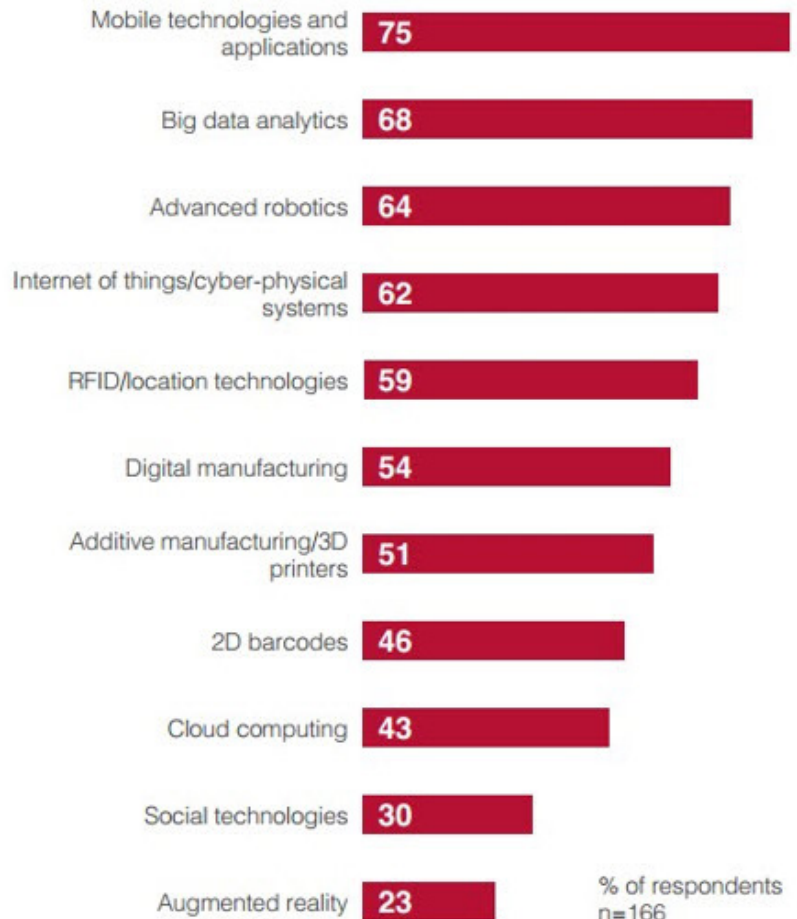
Image Credit:
MATT ROBINSON
Asia-Pacific Outlook 2010:
Returning Towards Normality
www.economy.com



Looking ahead, the combination of ageing populations and new disruptive technologies will not only have a profound effect on government policy and economic growth, it will make talent management a strategic imperative for companies across Asia. Indeed, Thompson argued, company executives need to reset their intuition when it comes to approaching talent strategies.

5 | Most disruptive technologies

Technologies expected to change the way manufacturing operations are managed in the future



Source: SCM World-MESA International survey



DESPITE TECHNOLOGY, ACCESS TO TALENT REMAINS A TOP PRIORITY

Top 10 Challenges Overall* N = 769		
Relative Ranking		Cite challenge as being of "greatest concern"
1	Excellence in execution	38.4%
2	Sustained and steady top-line growth	36.8
3	Consistent execution of strategy by top management	31.8
4	Profit growth	28.4
5	Finding qualified managerial talent	27.2
6	Customer loyalty/retention	26.3
7	Speed, flexibility, adaptability to change	25.4
8	Corporate reputation	23.7
9	Stimulating innovation/creativity/enabling entrepreneurship	18.7
10	Speed to market	18.2

* Weighted by regional representation in global GDP (Asia, 21.7 percent; Europe, 35.1 percent; the United States, 28 percent; and other, 15.2 percent). GDP data from the International Monetary Fund, World Economic Outlook Database, September 2006.

*Image Credit:
International Monetary Fund,
World Economic Outlook
Database, September 2006*

Following Thompson's issue-framing presentation, there was a lively discussion among the assembled executives in the CIO, CTO and CDO community. Executives spanning a range of industries shared their views on topics related to talent strategy in a rapidly changing, tech-saturated world.

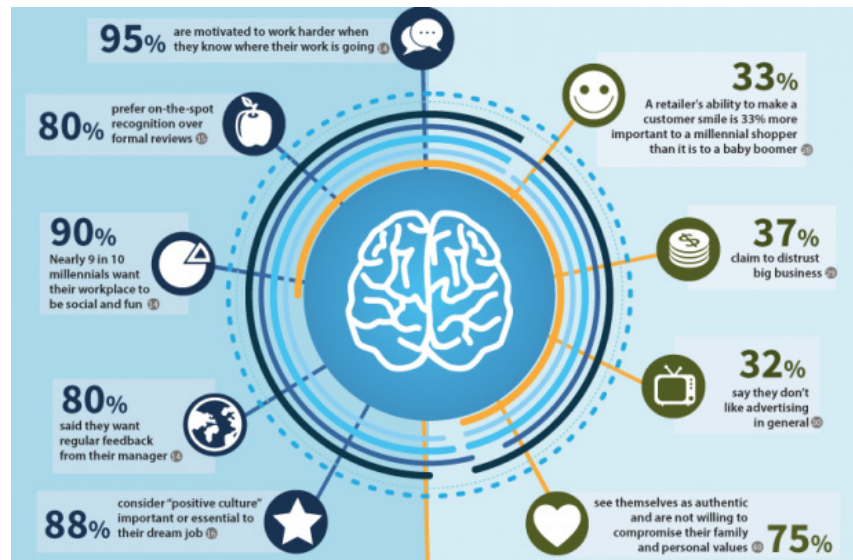
One executive noted the challenges businesses face in terms of changing their approach to training and education so that the workforce of tomorrow is equipped with adaptable and transferrable skills, as opposed to specific technical skills that may quickly become obsolete. Which of course led to the adage to hire for culture and adaptability as opposed to technical skills.

Another executive commented that today's decision makers do not understand how to apply technological innovations to their complex organisations in order to leverage such technologies into efficiency and growth. Hoping that disruptive technologies like the Internet of Things and Cloud computing are just passing fads is not likely to be a winning strategy.



A topic that generated a significant amount of interest focussed on short termism and sustainability in relation to organisational strategy. There was a consensus in the room that Wall Street was no longer relevant in relation to company performance, specifically due to quarterly reporting. An argument was set for allowing company's and the leaders of those companies to set three to five year strategies that were reflective of the pace of change and allowed flexibility as opposed to the rigidity set by the current quarterly standard. Of note was the mention of the leading companies of the future that had market capitalisation and PE ratios that bore no resemblance to profitability and Wall Street measure of success. Although this also bought to the fore a number of outliers in the more traditional sector, Rolls Royce (Aircraft engines) was mentioned as having a 30 year strategy in Asia.

Image Credit:
www.badgeville.com
Infographic: The Rise of
the Millennials



One final hot topic was whether millennials are indispensable "digital natives" that global companies need in order to adapt to a changing technological landscape or whether they are business ingénues who happen to be digitally savvy. The solution may be to create mentorships and coaching relationships, through which the business savvy old guard and the digitally savvy younger generation can empower each other, exchange ideas and find opportunities for growth. This opened up a much broader topic in relation to operating models and employment contracts. In the US for example, many of our brightest and most capable people who are near to entering the workforce, will do so in a very different way. There was discussion around attraction strategies and cultural benefits, groups of college students working for large corporations for free in exchange for great coffee, good food and the opportunity to play with technology STUFF!



WE HAVE TO MOVE BEYOND BEST PRACTICE, TO “NEXT PRACTICES”

- I Rocks not Pebbles**
- II Dig for Data**
- III Embrace Millennials**
- IV More focus on management quality and leadership**

SUMMARY:

There is no doubt that the world is changing at an increasingly rapid pace. The impact of the digital era and advancements in technology combined with changes in demographics and behaviours, mean that we, the leaders of companies big and small will have to rethink our operating model, be more adaptive in relation to strategy and deliver greater efficiency and output through the use of smarter faster technology.

Finally, there is a real need to change the way we measure corporate success and move toward Social Capitalism as a model for reporting. To reflect on this, consider the diagram above, Michael's Porters view on competition and leadership.

Rocks not pebbles and leadership in a new era.



Author



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Paul Rush is Partner in the Sydney office of Odgers Berndtson where he leads the functional CIO/CTO/CDO practice areas along with the emerging Digital practice for Asia Pacific and Japan. His portfolio is international and broad in relation to vertical markets having worked across a multitude of industries that include Global MNC's, Publicly Listed Organisations and early stage disrupters, across all industry sectors and geographically across EMEA, The America's and Asia Pacific.

With an honours degree from the London School of Economics and more than 20 years in the search industry Paul has been driving current and provocative thought leadership in the region for 10 years.



Bio of Fraser Thompson

The Keynote Speaker



■ Fraser Thompson - Director, AlphaBeta

The Speaker and Facilitator: Dr Fraser Thompson is Director of AlphaBeta, an economic strategy firm based in Singapore and Australia, and a senior advisor to McKinsey & Company. Fraser was previously a Senior Fellow at McKinsey Global Institute, where he led work on the Asia-Pacific region and on topics such as productivity, natural resources, and obesity. Fraser has also worked as a consultant at McKinsey and for The World Bank, and as a tutor at Oxford University in the areas of Development Economics, International Trade and Finance, Microeconomics and Industrial Organization. Fraser received a Doctorate and Masters in Economics from the University of Oxford, where he studied as a Rhodes Scholar.



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